

CHAPTER SIX (6)

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NIGERIAN GOVERNMENT & ECONOMIC**



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**CHARACTERISTICS OF PRE-COLONIAL
AND COLONIAL ECONOMICS**

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NIGERIAN GOVERNMENT AND ECONOMY

CHAPTER 6

CHARACTERISTICS OF THE PRE-COLONIAL AND COLONIAL ECONOMY OF NIGERIA

During the pre-colonial period the basic economic activity in the area known as Nigeria today was *agriculture* with patterns of specialization dictated by ecology and culture; all other occupations were seasonal, part-time or the concern of specialized communities. These were various types of craft; arts and other manufactures based on local skills and resources and were restricted to few communities under strong state patronage or guild organization. Trade was at **local, zonal and inter-regional levels**. Long distance trade was specialized and restricted to high value commodities e.g. **gold, silver, salt, textiles, slaves** etc. Its linkages cut across societies, politics and environments, serving to integrate the entire area (present Nigeria) economically. The trade links between the northern parts of the areas then and the land north of the Sahara was stronger than those between the area and the Southern parts. Indeed, **Kano was a prominent trans-Saharan nodal, commercial centre and the economy was less subsistence than that of the southern forests**. The economy of the southern forests at that time was strictly subsistence. Trade by barter existed in the land and it was a common for people to exchange what they produced for what they needed.

The coming of colonialism destroyed the political integrity and autonomy of the pre-colonial politics, thereby dismantling the production and exchange system and titling their economy to the needs of the colonial metropolis. Thus local manufacturing collapsed due to the flood of imported commodities. The production of food crops was neglected in favour of these export-crops.

It must be stressed that the economic base in Nigeria during the colonial period still remained agriculture. However, the emphasis shifted from food crops and the production of what is needed within the local trade links to export crops and the requirements of manufacturers in England. **Another sector that received attention during the colonial period is the mining sector.** Two important products were *tin* and *coal*, even though their contribution to the export trade was minimal (about 1.1% in 1959). Again, the mineral products encouraged only processing not manufacturing enterprises. For example, *tin plates* (also known as *ingets*) were processed for export in a **Jos smelting factory**. It was at the close of the colonial period that mining, particularly crude oil exploitation, started to come into prominence. A few years into the independence era, manufacturing started to show great promise.

The shift in the focus of agricultural production from home self-sufficiency to export commodities led to a shift in trade links. New trade links shifted to favour Nigeria-England axis and avoided traditional ones. The North-South inter-regional

link also became more prominent due to the colonially constructed rail links. New commercial centres were established along the routes (Western and Eastern Lines) while traditional ones were left to ruin and decay. For example, Lokoja lost its earlier prominence, even with colonialists, while Jebba and Makurdi came into prominence.

The economic conditions of the colonial period persisted into the first few years of independence. This while it may be argued that since independence, government has been involved in local development, the colonial heritage keeps in influencing public policies and progress. There is the continuous flow of changes in the role, activities and responses of all the other economic indicators. There have been marked changes in the composition of the **GNP, GDP** and improvements in the **National Development Plans**. Initially, there was a great shift from agriculture to mining, manufacturing and business, financial services. That is, there was a shift from a sector with even spatial distribution (based on farm land) to a sector with concentrated distribution, particularly between from **1971** and **1976**. Government acquired a lot of wealth and the means of production and its role in the economy became more prominent as will be made clearer in Chapter 8. It invested a lot in mining, manufacturing, financial institutions and started to re-invest in agriculture and various social services. By the late **1970s**, the dependence on the crude oil sector was almost complete.

However, with the collapse of international oil prices and the economic crises that followed in the early **1980s**, the Government was forced to reduce its participation in the economy drastically. The machinery for the desired reduction was nonetheless, grinding very slowly until **June, 1986**, when Government came up with the **Structural Adjustment Programme (SAP)** in its efforts to make changes in the size and structure of its expenditure. It had to do this due to the continuous downward sliding of its oil income and the commitment of increased share of dwindling revenue to debt servicing rather than development. From development expenditure there was also a shift away from further economic investments. Under the SAP, investments in commercial and industrial enterprises were to be privatized or commercialized, with the exceptions of petrochemicals, and iron and steel. In this manner, new opportunities for local initiatives are being encouraged as well as an increased prominence of the private sector in the economy. This was achieved under an increased deregulation of government's activities. The realities of the SAP were expected to heighten the impact of economic considerations on economic locations. On the other hand, the increase in local government headquarters was expected to stimulate business initiatives in local centres and encourage the emergence of new economic centres at local levels.

However, one cannot brush this aside without going into the details of the genesis of the prevailing crisis of the Nigerian economy that started after the initial period of the oil boom

between **1973** and **1980**. The increases in the international price of crude oil and the massive increases in Nigerian crude oil production brought about the oil boom. This in turn led to an expanded development in economic and social infrastructure almost single-handedly become exclusively dependent upon petroleum earnings. From a net exporter during the colonial days and up to **1967**, Nigeria became a net importer. By **1980** the imports bill had more than doubled what it was half a decade before. The Nigerian economy had become dependent upon imported food, as well as imported machinery, raw materials and spare parts for the expansion of the manufacturing sector. The public sector's presence in the economy accounted for the control of almost 2/3 of the labour force in the banking, finance, insurance, manufacturing and other sectors.

The impact of the shifts in the economy of the country since the pre-colonial, through the colonial, to the initial post-colonial periods on the contemporary political economy of the nation is re-echoed in chapter 8. The plans to address the unfavourable impacts are discussed in chapter 7. These plans made to address the causes and effects of the contemporary state of the Nigerian economy that is the subject of chapter 9.